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Number of Working Poor Reaches High

[SACRAMENTO]—Nearly two million California working families were poor in 2001, according to a new analysis by the California Budget Project (CBP). *Working, But Poor: California's Working Families that Fail to Make Ends Meet* indicates that work alone is often not enough to pull a family out of poverty.

Despite the strong economy of the late 1990s, the number of working poor families did not decline and, in 2001, grew to an all-time high of 1.9 million.

“The booming economy did not lift all boats,” said Jean Ross, Executive Director of the CBP. “Unfortunately, now that the economy has weakened, the number of working poor families will likely rise even higher.”

Working, But Poor finds that poor families receive the great majority of their income from work. Families with incomes below the poverty line receive three quarters of their income from work, and families with incomes between 100 and 200 percent of the poverty line receive 87 percent of their income from work. Previous CBP research has shown that two-thirds (67 percent) of poor families have at least one worker, and two-thirds (67 percent) of the working poor are families with children.

The report also finds:

- Nearly three in five working poor families are headed by a Latino. In comparison, 28 percent of working families of all incomes are headed by a Latino.
- Heads of working poor families have lower educational attainment than families of all incomes. Nearly half of working families with incomes below the poverty level are headed by an adult with less than a high school education.
- About half of working poor families have at least one non-citizen adult, as compared to 24 percent of working families of all incomes.
- One-quarter of working families in Los Angeles (25 percent) are poor, as compared to 13 percent in the Bay Area.
- Over one-third of Californians in working poor families lack any health coverage, as compared to 19 percent of people in families of all incomes.

“The face of poverty in California is a working family with children, often Latino. The parents are

working hard to make ends meet, but are often limited by low education to working in low-paying jobs that do not offer health coverage,” according to Ross.

The analysis is based on data from the March 2002 Current Population Survey. The analysis includes families with the equivalent of at least a half-time worker and defines “poor” as having income up to 200 percent of the federal poverty level. For more details, see the data and methodology section of the report.

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The California Budget Project (CBP) was founded in 1994 to provide Californians with a source of timely, objective, and accessible expertise on state fiscal and economic policy issues. The CBP engages in independent fiscal and policy analysis and public education with the goal of improving public policies affecting the economic and social well being of low- and middle-income Californians. Support for this report is provided by the Rosenberg Foundation. General operating support for the CBP comes from foundation grants, publications, and individual contributions.

Reporters who agree to honor the May 23, 2003 embargo may download the report from www.cbp.org/2003/030519WorkingButPoor.pdf. If you are unable to print the document, please call (916) 444-0500 to receive a faxed copy of the 8 page report.